BRITISH COLUMBIA

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tel (250) 387-0327
fax (250) 387-0329

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highlights

a weekly digest of recently released British Columbia statistics

The Economy

- **Department store sales in BC and the territories fell 0.8% (seasonally adjusted) between July and August.** Sales were down in virtually every region of the country except Manitoba (+0.1%) and Saskatchewan (+1.5%). Nationally, sales at department stores dropped 1.4%. The average department store had sales totalling $2.39 million (unadjusted) in August, virtually the same as in January. *Source: SC & BC STATS*

- **British Columbia's help-wanted index edged down 3.1% (seasonally adjusted) between August and September, falling to 93.8 (1996=100).** The number of newspaper ads fell 2.1% at the national level. The index was down in every province, falling at rates ranging from –0.8% in Quebec to -3.1% in BC. British Columbia is the only province where the number of help-wanted ads remains well below 1996 levels. *Source: Statistics Canada*

Organic fruits and vegetables

- **Although supermarkets and health food stores are devoting more of their shelf space to organic produce, Canada's organic fruit and vegetable industry does not appear to be expanding substantially.** Only 0.8% of the total fruit-producing area, and 0.6% of the area producing vegetables, is farmed organically. Apples are the biggest organic fruit crop (845 acres across Canada), while sweet corn (345 acres) is the biggest vegetable crop. The yield on organically grown vegetables and fruits is typically lower than for those grown using conventional methods. In the case of raspberries and strawberries, the yield is about 10% lower; for asparagus and lettuce, the drop in yield is about 55%. However, organically-grown produce commands higher prices than conventionally-grown crops so despite the lower yield, organic farmers typically receive more per acre than other farmers do. The combination of price and yield favours organic production of apples, blueberries, cranberries, pears, beans, beets, sweet corn, cabbage, carrots and tomatoes. However, conventional farmers of peaches, raspberries, strawberries, asparagus, broccoli, lettuce and squash/zucchini do better than organic farmers. Canada's organic fruit and vegetable industry is located mainly in BC, Ontario and Quebec. *Source: SC, Catalogue 21-004-XIE*

Alternative livestock on Canadian farms

- **Canadian farmers don't just raise beef, hogs and poultry–farming in many parts of the country has increasingly been taking on a more exotic character.** Livestock raised on Canadian farms include horses, bison, goats, wild boar, deer, elk/wapiti, llamas and alpacas, rabbits, ostrich, emu and rheas, ducks and geese. Horses and ponies, raised for work, breeding or recreation, are the most commonly farmed alternative livestock. Farmers in Alberta appear to have branched out into these areas more than those in other parts of the country. They're the leading producers of horses (with 159,962 of the 460,569 horses and ponies on Canadian farms in 2001), bison (79,731 out of 145,094), llamas (12,894 out of 25,782), and ostrich (2,577 out of 6,576). Saskatchewan has the biggest number of wild boars (15,633 out of 33,131), while Ontario leads the way in goat (62,310 out of 182,851) and emu/rhea (7,324 out of 14,451) farming. Elk/wapiti are found primarily on farms in Saskatchewan (32,118 out of 74,478) and Alberta (31,304), while Ontario and Quebec produce nearly all of the rabbits and ducks. BC farmers are involved in raising most types of alternative livestock, but on a smaller

Report **A comparison of small business size**

Did you know...
There were 1,069 ostriches on BC farms in 2001, making the province the second-biggest producer of these birds in the country.

scale than in other provinces.

Source: SC, Catalogue 23-502-XIE

Health indicators

- **Between 1979 and 2000, the life expectancy of Aboriginals on and off reserve in Canada increased from 59.2 to 68.9 years for men, and from 65.9 to 76.6 years for women.** Infant mortality rates in this population group have been declining steadily, dropping from 27.6 to 8.0 deaths per 1,000 live births between 1979 and 1999. For the population as a whole, the infant mortality rate fell from 10.5 to 4.4 deaths per 1,000 live births during the same period.

Source: Statistics Canada

The digital divide

- **In 2000, 77% of Canadian households with the highest 10% of incomes used the Internet.** This was five times the rate (15%) among those in the lowest income bracket. However, the proportion of new users coming from low-income households has been increasing. Households in the bottom two income brackets accounted for about 7% of new Internet users in 2000, up from only 4% four years earlier. In 1997, one in four new Internet users came from households with the top 10% of incomes. By 2000, only 11% of new Internet users were in this bracket. *Source: SC, The Daily*

Financing small and mid-size businesses

- **Entrepreneurs starting a small or mid-size business are twice as likely to dig into their own pockets to finance their venture as they are to borrow from a bank.** Personal savings were an important source of funding for 54% of new Canadian businesses in 2000. Twenty-seven percent of entrepreneurs who launched new businesses used commercial loans, and 23% depended on personal credit cards. Other sources of financing included personal lines of credit, personal loans, credit from suppliers and loans from friends and relatives. Government lending agencies were an important source of financing for about 5% of new businesses.

  The extent to which businesses rely on commercial loans to cover their start-up costs varies by industry. In agriculture (62%), manufacturing and primary industries (39%) and wholesale and retail trade (33%), this was an important source of financing. Starting a business in these industries usually involves investing in capital equipment and structures, as well as raw materials and inventories for resale, so the capital requirements tend to be higher. In the knowledge-based (6%) and professional services (8%) industries, less special equipment is required, and this is reflected in how start-ups are financed. Personal savings are an important source of funds for new businesses in all industries.

  Once businesses are established, however, they are more likely to rely on commercial loans (39%), credit from suppliers (~25%) and retained earnings (21%) to finance their operations. Twenty-four percent dig into their personal savings to keep their business running.

Source: SC, The Daily

The Nation

- **Canada's economy advanced 0.4% (seasonally adjusted) between June and July.** The growth was fuelled by the goods sector, where most industries increased their output. Utilities (+2.9%) posted the strongest gain, as the demand for electricity soared during a heat wave in eastern Canada. In the manufacturing (+1.4%) industry, US demand for new cars boosted the auto sector. At the same time, sawmills, particularly in BC, were kept busy, foregoing their usual summer shutdown in July. Production of pulp and paper also rebounded in response to higher prices. The drought in the prairies continued to hamper the agriculture, forestry and fishing sector, where GDP fell 0.2% in July after dropping 3.6% in the previous month. Mining (+0.9%) and construction (+0.6%) posted solid gains. In the service sector, GDP was virtually unchanged (+0.1%) from June as most industries were flat or declined. Consumers tightened their purse strings, and GDP in the retail industry was down 0.7% from June. The transportation industry saw a 0.2% decline. However, information and cultural services (+1.0%) continued to recover, posting its fourth straight monthly gain. Wholesale trade (+0.7%) and administrative and waste management services (+0.7%) also expanded.

Source: Statistics Canada

highlights, Issue 02-40
October 4, 2002

For data originating from Statistics Canada: data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database (www.statcan.ca); otherwise the source is identified as 'SC' plus the publication name or catalogue number.

Oct. 04, 2002 *Infoline Report:* **Small Business Size, 1993 and 2001**

Contact: Dan Schrier, (250) 387-0376
Originally published in *Small Business Quarterly*, Second Quarter 2002. Annual Subscription $30 + GST.

A Comparison of Small Business Size, 1993 and 2001

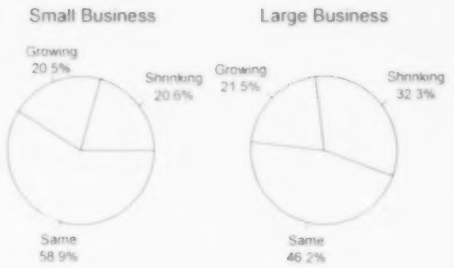
The phenomenon of businesses starting small and growing into larger enterprises is often viewed as an important factor in economic development. This article uses data from Statistics Canada's *Business Register* (BR) to compare small businesses by employment size in 1993 versus 2001 in British Columbia to see what kind of changes occurred over that period. Only those establishments that existed in both years were examined. Establishments that were coded as *Indeterminate*[1] in the 2001 BR were excluded because this category was not compiled in 1993 and the nature of the category makes comparisons of employee size over time impossible. There were a total of 53,041 businesses with one or more employees that existed in both the 1993 and 2001 data.

Change in business size

Of the 53,041 businesses that existed in both years, about 58% remained within the same employee size class,[2] while equal percentages (21% each) advanced to a larger employee size category or dropped to a smaller size level. While the story remains the same for small businesses, there was more of a split between growing and shrinking large businesses (i.e., those with 50 or more employees). About 46% of large businesses remained in the same employee size category as they were in 1993, 22% had added employees and 32% had diminished in size.

There were 1,591 establishments that were small businesses in 1993, which grew into large businesses by 2001. On the other hand, 632 businesses shed enough employees to go from being a large business in 1993 to a small business eight years later. While most size changes involved rising or falling one size class, there were some significant changes where businesses that had a handful of employees in 1993 employed hundreds in 2001, and vice versa.

Employee size change for BC businesses, 1993-2001



Change in size by region[3]

The regional districts having the greatest percentage of small businesses that underwent growth in employee size between 1993 and 2001 were:

1. Northern Rockies (31%)
2. Squamish-Lillooet (28%)
3. Central Coast (24%)
4. Kootenay-Boundary (23%)
5. Greater Vancouver (22%)

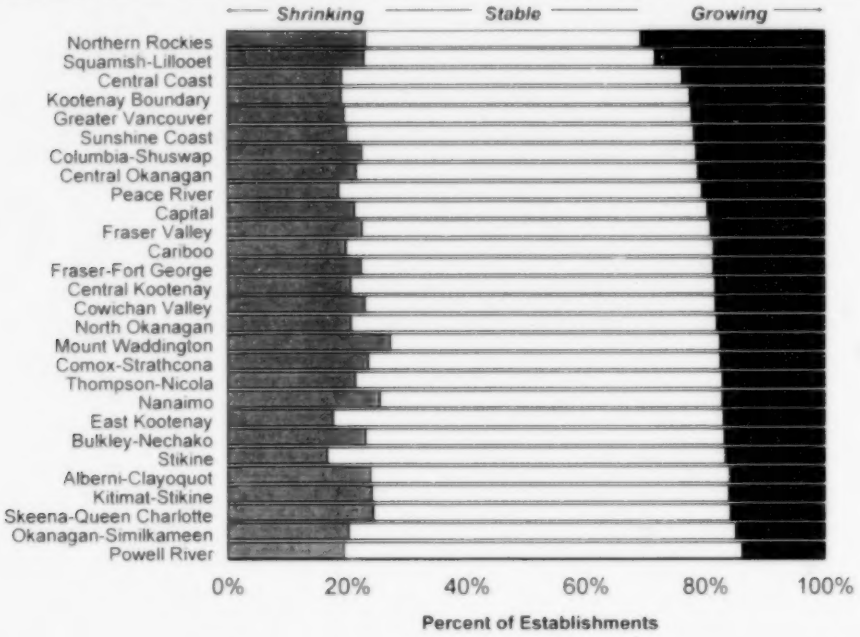
These regions were also among only seven regions (Peace River and Sunshine Coast were the others) that had a greater number of small businesses that grew in employee class size than those that experienced a decline.

[1] Establishments in the Indeterminate category do not have an employee payroll, but it is possible they may employ contractors or family members.

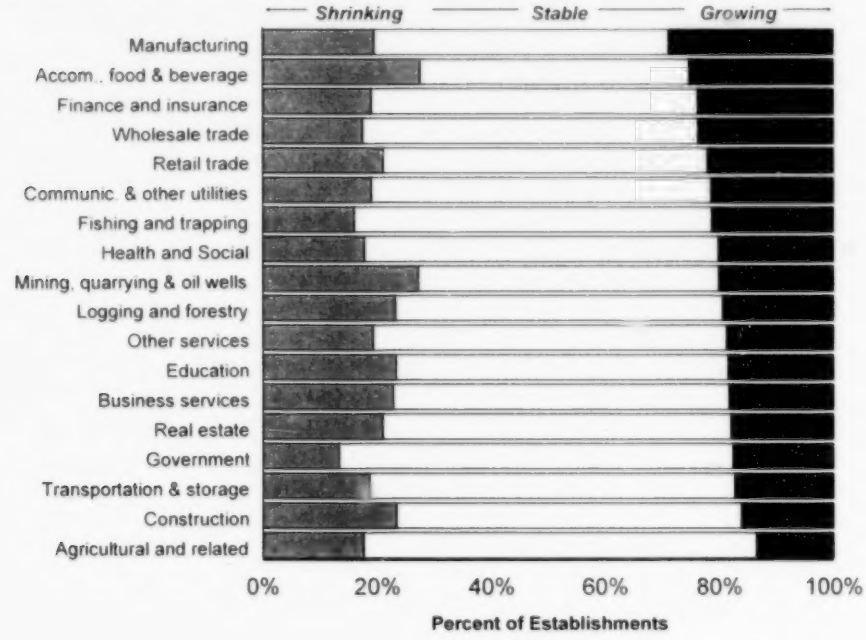
[2] The employee size ranges are as follows: 1-4, 5-9, 10-19, 20-49, 50-99, 100-199, 200-499, 500-999, 1000-1499, 1500-2499, 2500-4999, 5000 and over.

[3] Some establishments moved to a different region between 1993 and 2001. For these businesses, their location in 2001 is the region that is used here.

Small Business Employment Change by Region, 1993-2001



Small Business Employment Change by Industry, 1993-2001



The Mount Waddington region suffered the largest percentage of small businesses shrinking in employee size, at 27%. The Nanaimo region was ranked second with 26%.

Change in size by industry[4]

The manufacturing sector had the highest percentage of small businesses (29%) moving up at least one employee size class. Accommodation, food and beverage services industries were ranked second with 25% of small businesses in that sector growing between 1993 and 2001. However, this sector also had the highest percentage (28%) of small businesses that were reduced in size over that period. As a result, more businesses in accommodation, food and beverage services industries dropped at least one employee size class than jumped to a higher class.

Government services and agriculture and related services industries experienced the least change in employee size with 69% remaining in the same employee size category. Many of the agricultural businesses are small family-based operations and it makes sense that there would be little variation in business size.

The manufacturing sector had the greatest incidence of small businesses expanding into large businesses over the 1993 to 2001 period. There were 315 establishments that fell into this category in manufacturing industries. Next, at 238, was retail trade, followed by wholesale trade at 190. For each of these industries, the businesses increasing from small to large enterprises represented between 80 to 85 percent of businesses that experienced a size change (i.e., only 15 to 20 percent were reduced from large to small businesses). The industry with the most large enterprises that were reduced in size to small businesses was accommodation, food and beverage services, with 122 businesses fitting this description. However, there were also 143 small business establishments in this sector that grew to large businesses.

Conclusion

Data from the Business Register is sometimes difficult to analyse since the disappearance of an establishment does not necessarily mean that the business has altogether vanished. It could mean that the business merged with another, or experienced some other transformation such that its establishment identification code has changed. For this reason, the comparisons in this paper can only be applied to companies that existed more or less in the same form in both 1993 and 2001. However, such comparisons can still be useful in that they illustrate the fluidity of businesses over time. Both small and large businesses tend to expand and contract due to various economic and social influences. The data shows that there has been mixed success for both small and large businesses over the last eight years. Some of that success may depend on the location or type of business involved.

[4] Some establishments were reclassified to a different industry between 1993 and 2001. For these businesses, their industry in 2001 is that which is used here.

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BC at a glance . . .

POPULATION (thousands)	Jul 1/02	% change on one year ago
BC	4,141.3	1.0
Canada	31,414.0	1.0
GDP and INCOME		
(BC - at market prices)	2001	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	130,396	2.2
GDP *($ 1997 millions)*	125,534	0.9
GDP *($ 1997 per Capita)*	30,648	-0.1
Personal Disposable Income *($ 1997 per Capita)*	19,177	0.8
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Jul	2,858	0.3
Merchandise Exports (raw) Jul	2,440	-4.8
Retail Sales (seasonally adjusted) Jul	3,345	5.2
CONSUMER PRICE INDEX		% change on
(all items - 1992=100)	Aug '02	one year ago
BC	118.7	2.2
Canada	120.1	2.6
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Aug '02	one year ago
Labour Force - BC	2,171	3.4
Employed - BC	2,001	3.6
Unemployed - BC	170	0.7
		Aug '01
Unemployment Rate - BC *(percent)*	7.8	8.0
Unemployment Rate - Canada *(percent)*	7.5	7.3
INTEREST RATES (percent)	Oct 2/02	Oct 3/01
Prime Business Rate	4.50	5.25
Conventional Mortgages - 1 year	5.30	5.35
- 5 year	6.70	7.05
US/CANADA EXCHANGE RATE	Oct 2/02	Oct 3/01
(avg. noon spot rate) Cdn $	1.5855	1.5681
US $ *(reciprocal of the closing rate)*	0.6302	0.6380
AVERAGE WEEKLY WAGE RATE		% change on
(industrial aggregate - dollars)	Aug '02	one year ago
BC	668.08	4.0
Canada	652.60	2.6

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

New on our site

The Profile of the High Technology Sector – 2002 is part of an ongoing project to monitor the growth and evolution of the high technology sector in British Columbia. This publication evaluates the economic contribution of the sector, covering the GDP, revenue, employment, wages, exports, etc. generated by firms in selected high technology industries. The latest edition contains information up to the end of 2001, and is based on the new "NAICS" system of industrial classification.

Input Indicators of the British Columbia High Technology Sectorr – 2002 (coming next week) is the third annual report prepared by BC STATS in conjunction with the Science, Technology and Telecommunications Division to assess conditions that affect the growth of the high technology sector in British Columbia. This report tracks thirty-two business and economic climate indicators for the province, and provides comparisons to other provinces for twenty-eight of them. The indicators cover key aspects of the educational, business, government, external, and labour sectors from the point of view of their impact on high technology firms. The indicators, which might be termed "input" measures, are chosen for their relevance and general acceptance, as well as their availability on an ongoing basis. This is the ideal companion volume to the Profile of the High Technology Sector, providing the background behind the latest economic developments in high technology in the Province.

Released this week by BC STATS

- Tourism Sector Monitor, September 2002

Next week

- No subscription releases

BC STATS, Ministry of Management Services, Box 9410 Stn Prov Govt, Victoria, B.C. V8W 9V1
Tel: (250) 387-0327 Fax: (250) 387-0329 Web: http://www.bcstats.gov.bc.ca E-mail: BC.Stats@gems8.gov.bc.ca